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JW Water Holdings, LLC

Managing Partner

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December 15, 2014

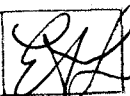
AZ CORP COMMISSION  
DOCKET CONTROL

Carmel Hood  
Arizona Corporation Commission  
Compliance Division  
1200 W. Washington St.  
Phoenix, AZ 85007-2996

Arizona Corporation Commission

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DEC 22 2014

AZ CORP COMM  
Director - Utilities

Subject: Compliance Filing for Payson Water Company Decision 74567 (Docket Nos.  
W-03514A-13-0111/ W-03514A-13-0142)

ORIGINAL

Ms. Hood,

Attached, please find a compliance filing regarding water loss as required in the afore-referenced decision. This attached water loss report summarizes water production and water consumption from June of 2014 through November 2014.

Please note that the Company is concerned about the significant water loss it has experienced in the last six months in the Gisela/ TCS service area. We are currently working with vendors, staff, and others to identify the source of water loss including:

- Inspection a series of old water lines which served areas that were destroyed by flooding a few years back. It is possible that one or more of these lines was not properly capped, and may be leaking without any customers or Company staff noticing.
- The meter on the well was replaced in March 2014, however, to be certain the installation was completed properly, and the meter is operating properly, we are having Dana Kepner (the supplier/ vendor) perform and inspection and/ or test on the device.
- Customer meters: Many customer water meters are quite old and could be under-reporting flows. While this is not likely to explain the extent of the water loss recently, it could be a contributing factor. Our plan is to identify a group of customers with the oldest meters and replace them. After a few months, we would then compare their use to

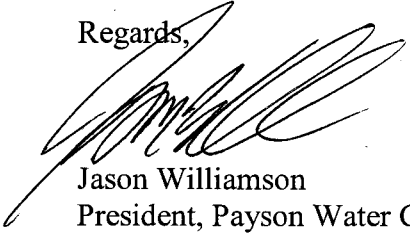
P.O. Box 200595  
Denver, CO 80220  
(720) 949-1384

previous usage to see if we see any appreciable increase in water consumption. If this is the case during the test group, we would immediately move forward with a more extensive meter replacement program.

- Stolen water: It is possible that unknown or illegal connections have been made recently to the water system. Locations of recent property construction, excavations and trenching in the Company's ROW could be explored to determine if water is being used at unauthorized locations.

Please feel free to contact me with any questions.

Regards,



Jason Williamson  
President, Payson Water Co.

Cc:

Jian Liu, P.E. [jliu@azcc.gov](mailto:jliu@azcc.gov)  
Brian Smith [besmith@azcc.gov](mailto:besmith@azcc.gov)  
Robin Mitchell [rmitchell@azcc.gov](mailto:rmitchell@azcc.gov)  
Kathleen M. Reidhead [kathiereidhead@gmail.com](mailto:kathiereidhead@gmail.com)  
Sue Nee [suzannene.16@gmail.com](mailto:suzannene.16@gmail.com)  
Bill Sheppard [shep5965@aol.com](mailto:shep5965@aol.com)  
Tom Bremer [tcbremer@netzero.net](mailto:tcbremer@netzero.net)  
Steve Gehring [stonemason9859@yahoo.com](mailto:stonemason9859@yahoo.com)  
Glynn Ross [glyr4@aol.com](mailto:glyr4@aol.com)

# Payson Water Company Water Consumption & Loss Report

Month	System Name	Water Pumped (1000 gal)	Water Purchased (1000 gal)	Water Sold (1000 gal)	Water Loss (%)	NOTES
June-14	Deer Creek	919		652	41.0%	
	Gisela/ Tonto Creek Shores	2149		1661	29.4%	Leaks repaired in July were probably already started
	E. Verde Park	462		457	1.1%	
	Flowing Spgs.	167		154	8.4%	
	Geronimo/ Elusive Acres	240		229	4.8%	
	Meads Ranch	101		104	-2.9%	This followed the 10K tank replacement with a 2
July-14	Whispering Pines	827		754	9.7%	
	Mesa Del Caballo	814		1327	12.9%	
	TOTALS:	5679	684	5338	19.2%	
	Deer Creek	804	684	561	43.3%	Major leak repaired
	Gisela/ Tonto Creek Shores	1900		1419	33.9%	Major service line leak
	E. Verde Park	367	27	369	6.8%	
August-14	Flowing Spgs.	151		149	1.3%	
	Geronimo/ Elusive Acres	194		224	-13.4%	Well meter malfunctioned - replaced in august
	Meads Ranch	91		79	15.2%	
	Whispering Pines	674		631	6.8%	
	Mesa Del Caballo	824	651	1361	8.4%	
	TOTALS:	5005	678	4793	18.6%	
September-14	Deer Creek	568		515	10.3%	
	Gisela/ Tonto Creek Shores	1849		917	101.6%	Two major leaks repaired
	E. Verde Park	331		316	4.7%	
	Flowing Spgs.	148		141	5.0%	
	Geronimo/ Elusive Acres	208		194	7.2%	
	Meads Ranch	76		61	24.6%	unknown - will review when Sept. numbers come in
October-14	Whispering Pines	647		606	6.8%	
	Mesa Del Caballo	812	567	1185	16.4%	
	TOTALS:	4639	567	3935	32.3%	Two major leaks repaired
	Deer Creek	538		436.4	23.3%	
	Gisela/ Tonto Creek Shores	1571.5		1368.4	14.8%	
	E. Verde Park	314		299	5.0%	
November-14	Flowing Spgs.	102.1		98.3	3.9%	
	Geronimo/ Elusive Acres	138.3		133.1	3.9%	
	Meads Ranch	90		74	21.6%	
	Whispering Pines	487.6		459.4	6.1%	
	Mesa Del Caballo	965.2	387	1261.6	7.2%	
	TOTALS:	4206.7	387	4130.2	11.2%	One service line and one main line repair in Oct.
December-14	Deer Creek	423		348.3	21.4%	
	Gisela/ Tonto Creek Shores	1267.6		554.7	128.5%	
	E. Verde Park	240.2		222.9	7.8%	
	Flowing Spgs.	74		67.7	9.3%	
	Geronimo/ Elusive Acres	134.3		109.2	23.0%	service line leak/ repair
	Meads Ranch	58.7		61.9	-5.2%	very small difference - likely taken from storage
January-15	Whispering Pines	251.2		224.5	11.9%	
	Mesa Del Caballo	935.9	150	1004.2	8.1%	two service line repairs in Oct.
	TOTALS:	3384.9	150	2593.4	36.3%	
	Deer Creek	424.6		421.7	0.7%	
	Gisela/ Tonto Creek Shores	1378.3		589.6	133.8%	Wellhead Meter rebuilt chamber and register
	E. Verde Park	273.6		266.7	2.6%	
February-15	Flowing Spgs.	95.3		78	22.2%	
	Geronimo/ Elusive Acres	118.3		134.2	-11.8%	Diff. less than storage - could be storage vol. use
	Meads Ranch	54.1		48.2	12.2%	
	Whispering Pines	282.5		253.3	11.5%	
	Mesa Del Caballo	956.1	81	970.9	6.8%	
	TOTALS:	3582.8	81	2762.6	32.6%	